GLOBAL BUSINESS TRAVEL

7 Tips to Help Drive Procurement Savings

Just in time for the upcoming request for proposal (RFP) season, here are seven tips that can help you negotiate a better deal with your preferred suppliers.

1 DETERMINE WHERE YOUR TRAVELERS ARE GOING

When preparing for the RFP process, one of the most critical steps is to establish where your travelers are heading to most frequently and have hard numbers to prove it. When you clearly can demonstrate to a supplier that you book 1,000 hotel rooms here or 1,000 flights there, that can be used as leverage come negotiation time.

2 WORK WITH YOUR TRAVEL MANAGEMENT COMPANY

Because the first step above can be a time-consuming process, consider employing a travel management company (TMC) to identify travel patterns and provide card and spend data with its business intelligence and management information tools. And because a TMC works with many companies on the RFP process, it also can advise you as to whether you are getting a good deal with a supplier.

3 KNOW YOUR PROGRAM AND ITS REQUIREMENTS

Depending on your program's goals and volume of travel, getting the best discount possible isn't necessarily what you should be aiming for. Perhaps your travelers are seeking specific perks or because your travel spend isn't quite there, it'd be more advantageous to negotiate on terms and conditions. So before you begin bargaining, get crystal-clear on what the program needs and what it actually can achieve.

4 SELECT PREFERRED SUPPLIERS WISELY

How much of a discount you'll be guaranteed is just one factor to weigh when selecting suppliers. You also should consider their policies, the kind of service they deliver, how flexible and easy they are to work with, if they service your top travel routes, etc.

5 CURB THE BLACKOUTS

During the RFP, the airlines or hotels may push to include blackout dates when your negotiated rates will not apply. To control costs, limit these to just a few blackout periods in a calendar year.

6 ELIMINATE SOME RFP WORK

The RFP process can last months, but there are ways to reduce the amount of time, and thus money, spent on it. For instance, spot buying sometimes can replace a negotiated agreement and deliver better savings, especially on short-haul flights. And many organizations are extending the life of their contracts with the ability to renegotiate rather than conducting a full RFP every year.

7 DECIDE WHICH IS BETTER: FIXED OR DYNAMIC

Take a close look at your data to determine what kind of pricing structure will work best for your organization—a fixed rate where there's usually a minimum volume requirement or dynamic in which a client receives an agreed percentage off. For the pros and cons of each as it relates to your hotel program, check out our **"Smarter Buying: How to Build a Better Hotel Program"** report.